



**NJ Board of Public Utilities  
Public Hearing on Renewable Energy Programs; Focus on PV  
July 27, 2004 Newark Hearing Room 10:00a – 12:00p**

Thank you President Fox and other members of the Board of Public Utilities and the Clean Energy Council. My name is David Eisenbud and I am the Project Development Manager for PowerLight Corporation in our Northeast and Europe Regional Office located in Crosswicks, NJ. PowerLight designs, manufactures and builds turn-key solar electric power systems for commercial and government clients, with over 25MW's of solar project in operation worldwide. PowerLight has installed successful projects throughout the state at public institutions like the IBEW in Hamilton, at K-12 schools like those recently built in Howell Townships using Leadership in Energy and Environmental Design (LEED) standards, and, at several of the states' leading private sector employers, like Johnson & Johnson.

I would like to convey my appreciation to the Board for remaining committed to renewable energy and for work together so effectively in a public/private partnership to help build a visible, robust and productive solar industry in New Jersey. We are just beginning to see these efforts begin to generate real results; genuine interest for choosing clean energy solutions and the expenditure of private investment dollars. I feel privileged and obliged to give you direct market feedback and candid input about the status of the Renewable Energy programs.

**1. INCREASE THE RENEWABLE ENERGY BUDGET:**

- ✍ Ensure that the \$15 million of "rollover" funding from '02 is collected and brought forward for projects.
- ✍ Investigate and strongly consider dedicating a larger percentage of the NJCEP funds towards Renewable Energy to match the mobilization and resources committed to NJ by our nescient industry. Review the Energy Efficiency programs; look at budgets and the measurable efficacy of administering these programs. Shift 5% to 10% of the Energy Efficiency program funds to the CEP in order to meet the dynamic growth of the Renewable Energy sector.

## 2. **STAY FOCUSED AND COMMITTED TO THE RPS REQUIREMENTS FOR SREC'S BY THE LSE'S**

- ✍ Swiftly and accurately enforce the requirements set forth by the Board for the RPS, including appropriating adequate staffing to this task. The solar marketplace has only thrived of late due to the very real value that project owners attribute to this innovative mandate. Proof of concept is imperative for a viable trading platform to translate this value into real project revenue and eliminate risks associated with REC contracts.

## 3. **INCREASE STAFFING FOR THE CLEAN ENERGY PROGRAM:**

- ✍ 2.5 FTE's cannot administer a \$50 million program experiencing growing pains. Release the RFP for program administration as quickly as possible. .  
Lose ends from April (when Cassandra left) include:
  - Resolving issues of serious program abuses by contractors
  - Defining procedures to revert reserved funds back to the CEP at the expiration of the agreed upon "grace" period (currently understood to be 90 days) from the date of the rebate confirmation when there is lack of action by the applicant/owner to implement the project
  - Launching long-awaited new programs, like long-term, low cost municipal and business financing
  - Interconnection and Net Metering rule enactment and confirmation

## 4. **SET LIMITS FOR USE OF PROGRAM FUNDS AT K-12 SCHOOLS**

- ✍ Act now, with industry input, to define strategies and program rules for managing solar rebates for NJ K-12 schools. Embrace LEED standards and inclusion of PV in concert with energy efficiency. While an important part of the solar landscape, the current flood of rebate applications for solar projects at NJ K-12 schools, if fully funded, threatens to completely freeze project activity by NJ's businesses. At stake is the loss of leverage from private cost sharing that the NJCEP budget enjoys. Privately funded projects rely on federal tax incentives to help "pay" for about 20% of the gross cost of a solar project. This significant contribution, in combination with basic financial principles (Payback, IRR, NPV), helps put downward pressure on system prices and, in turn, rebate dollars. Commercial systems also avoid higher project deployment costs (\$/Watt) that are associated with publicly procured projects

(like bonding and special wage requirements). A robust commercial market will result in more PV installed in New Jersey per NJCEP program dollar.

## 5. SUPPORT A SMART, WELL-TIMED REVISION TO THE STRUCTURE OF SOLAR INCENTIVES

- ✍ PowerLight is working fastidiously, along with our industry colleagues, to lower installed costs so that, in the long run, up front incentives are less critical to project economics. But, there are new dynamics in the business environment that need to be considered:
  - i. Inflation has begun to raise costs for balance of system components, especially steel and copper assembly components (Inverters, DC wire, conduit, unistrut, etc.). Some prices have risen by 25% since January 1<sup>st</sup>, 2004.
  - ii. PV prices have leveled off and, in some instances, risen due to a surge in international demand (Germany)
  - iii. MACRS depreciation, which is currently front-loaded due to the Economic Stimulus package from 2001, is set to roll back at the end of 2004. This will hurt the value proposition to taxable entities.
- ✍ Three objectives should be considered to maintain momentum for private investment in solar projects:
  - i. Delay implementation for modified rebate structures until at least January 1, 2005
  - ii. Implement a modest step-down in per-watt funding levels in-line with industry consensus. This consensus should including any consideration for realignment of the system size/tiers or any accommodation for incentives for projects up to One Megawatt within the CORE program
  - iii. Retain the 60% limit on grant levels for solar projects

## 6. CONSIDER OTHER NON-REBATE PROGRAMS TO BUILD ON THE COMMITMENT BY THE BPU TO CLEAN ENERGY IN NJ

- ✍ Support parity for the State's Green Power Procurement programs with the RPS that includes a solar portfolio, matching the same requirements as other suppliers. The state already procures green power, but we recommend that an in-state PV requirement be added to the next contract for green power.
- ✍ A program that requires a certain quantity of PV be installed at state buildings with a funding mechanism that does not utilize state appropriations or the CEP Rebate budget. Funding can come from a variety of sources: 1) use of NJCE grid supply money (e.g. – using \$10 million of the grid supply funds for PV for state buildings – the NJCE could pay for the systems, and the state would enjoy a stable energy supply that would reduce energy costs to the state, 2) long-term finance mechanisms that would pay for carrying cost in energy savings of energy efficiency upgrades and PV, and 3) budgeted appropriations with minimum return on investment criteria.

## 7. REINSTITUTE REGULAR STAKEHOLDER MEETINGS

- ✍ At a minimum, hold quarterly meetings so that stakeholders can have a regular forum with the NJCEP Director, Staff and members of the Clean Energy Council

For more information about these comments please contact:

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